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REPORT OF THE CHAIRMAN OF THE DRAFTING GROUP TO THE PLENARY

Addendum

National execution and agency support costs

The Governing Council,

Recalling its decisions 90/21 of 22 June 1990 and 91/27 of 21 June 1991 on national execution, as well as its decisions 90/26 of 22 June 1990 and 91/32 of 25 June 1991 on agency support costs,

1. Notes the report of the Administrator contained in document DP/1992/21 as well as of the draft guidelines for the determination of execution and implementation arrangements and on successor arrangements for agency support costs, dated 15 January 1992;

2. Further notes the definitions in the report of the Administrator (DP/1992/21) and clarifies the following:

(a) Execution is defined as the overall management, by national government authorities or by a United Nations agency, of the programme/project, along with the assumption of responsibility and accountability for the production of outputs, achievement of programme/project objectives and for the use of United Nations Development Programme resources;

(b) Implementation is defined as the procurement and delivery of all programme/project inputs and their conversion into programme/project outputs;

(c) Administrative and operational support services are defined as the procurement and delivery of United Nations Development Programme-financed programme/project inputs and thus constitute only an aspect of implementation;

I. EXECUTION AND IMPLEMENTATION

3. Encourages greater use of national execution, taking into account country-specific circumstances and availability of national capacity for execution, and requests the Administrator to promote vigorously the building of such capacities, including project design, appraisal, evaluation, financial accounting, reporting and auditing, whenever deemed necessary, and requests the Administrator to ensure, in collaboration with the governments concerned, the sustainability of United Nations Development Programme-financed training activities for national execution in light of the high turnover of trained national personnel;

4. Underlines that national execution includes, inter alia, the assumption by the recipient government of financial as well as administrative management;

5. Agrees that:

(a) National government authorities responsible for programme/project execution need to have the necessary national management staff, and that the cost of managing nationally executed programmes/projects should be borne by the government, except as provided for in Governing Council decision 90/16 of 22 June 1990 on the promotion of national capacity;

(b) United Nations Development Programme assistance in the building of sustainable capacity for national execution and implementation can be financed from country indicative planning figure resources or Special Programme Resources, as appropriate;

(c) United Nations Development Programme field offices staff may provide appropriate administrative assistance to executing agents so long as this does not interfere with their primary tasks;

(d) The involvement of the Office for Project Services in national execution should be limited to the provision of non-technical support services and to assistance in building up national managerial and administrative capacities;

6. Endorses the proposal of the Administrator to delegate to Resident Representatives the authority for the approval of national execution within the existing delegated approval level and taking into account the relevant provisions of Governing Council decision 90/21;

7. Urges the Administrator to continue to improve the financial accounting, reporting and auditing of nationally executed projects ;

II. AGENCY SUPPORT COSTS

8. Takes note of the progress report of the Administrator contained in document DP/1992/23, and of the guidelines issued by the Administrator to the United Nations Development Programme field offices for the implementation of the successor arrangements for agency support costs;

9. Requests the Administrator, while implementing these arrangements, to take into account differences among recipient countries with respect to the size of indicative planning figures and the administrative capacity of the field office, as well as the experience gained during the forthcoming training activities referred to in paragraph 25 of the present decision;

10. Takes note of the status of the financial provisions and of the adjustments that may be necessary in individual components thereof on the basis of actual expenditures to be reported at the end of 1992;

TSS-1

11. Approves the workplan for the period 1992-1993 to be financed by the facility for technical support services at the programme level (TSS-1), as contained in document DP/1992/23/Add.1;

12. Authorizes the Administrator to make such changes as are necessary to the workplan during its implementation within the overall financial earmarking for the period;

13. Requests that a TSS-1 workplan for the biennium 1994-1995 be submitted to the Governing Council for information at its fortieth session (1993), based on (a) progress made in the implementation for the workplan for the previous period and (b) forward planning for the remaining years of the fifth programming cycle;

14. Encourages, through the catalytic use of TSS-1, more effective use of the agencies' analytical capacities in support of governments at the policy and programme levels;

15. Requests the Administrator to provide an update of the cost study, taking into account the cost of technical services provided specifically under TSS-1;

Administrative and operational services

16. Decides that if non-United Nations agents (excluding national agents whose services may be financed in accordance with the provisions of paragraph 5 (a) and 5 (b) above) are designated as providers of administrative and operational services, they will be reimbursed from the indicative planning figure sub-line at rates not to exceed those established for the United Nations

agencies subject to the new regime as well as for the Office for Project Services;

17. National non-governmental organizations responsible for programme/project implementation should have the necessary management staff and may be reimbursed for their services from project budgets;

18. Decides that the reimbursement schedule for administrative and operational services shall also apply to projects implemented by the five agencies subject to the new regime and financed from United Nations Development Programme trust funds and other funds under the authority of the Administrator;

Protection from exchange rate movements

19. Approves the proposal made by the Administrator in paragraphs 30 to 37 of document DP/1992/23 to provide the agencies with a reasonable degree of protection from exchange rate movements, taking into account the principle of symmetry in compensatory payments between the United Nations Development Programme and the agencies;

20. Requests the Administrator to include in the annual review of the financial situation, information on actual payments made or recoveries achieved in connection with this scheme;

Flexibility arrangements

21. Approves the application, as appropriate, to the International Trade Centre of the flexibility provision of support cost successor arrangements referred to in paragraph 29 of decision 91/32;

22. Reiterates, notwithstanding paragraph 21 of the present decision, the principle that flexibility arrangements shall apply only to autonomous organizations within the United Nation system;

III. TRAINING, MONITORING AND EVALUATION

Monitoring and evaluation

23. Takes note of the proposals of the Administrator regarding the monitoring and evaluation of the national execution and support cost arrangements and requests the Administrator to develop and submit to the Governing Council detailed performance indicators, reflecting the objectives of the new arrangements as set out in paragraph 1 of Governing Council decision 90/26;

24. Agrees that an external independent evaluation shall be carried out in 1994;

Training in new arrangements

25. Requests the Administrator to continue to expedite integrated training activities for concerned government, United

Nations Development Programme and agency personnel in the working of the new arrangements; for this purpose, authorizes the Administrator, to use available funds within the overall provision of resources for support cost arrangements for the fifth cycle set out in annex 1 of decision 91/32, in particular the provision for technical support for national execution; also encourages the use of Special Programme Resources from the relevant category for this purpose;

Guidelines for capacity-building

26. Requests the Administrator to develop, in consultation with governments and agencies, guidelines on assistance to governments in the formulation and implementation of national capacity-building strategies for national execution;

27. Also requests the Administrator to report on the implementation of the present decision to the Governing Council at its fortieth session.

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REPORT OF THE CHAIRMAN OF THE DRAFTING GROUP TO THE PLENARY

Addendum

Senior management structure

The Governing Council,

Recalling General Assembly resolutions 44/211 of 22 December 1989, 45/264 of 13 May 1991 and 46/232 of 3 March 1992 on the restructuring and revitalization of the United Nations in the economic, social and related fields,

Also recalling its decision 91/46 of 21 June 1991 on budget estimates for the biennium 1992-1993; decision 91/43 of 25 June 1991 on the senior management structure; the report entitled "A strategy-based senior management structure for the United Nations Development Programme" (DP/1991/50) and the report of the Administrator thereon (DP/1991/51),

Bearing in mind its decision [92/--] on revised budget estimates for the biennium 1992-1993 and the new budget strategy for 1994-1995,

Also taking note of the report of the Advisory Committee on Administrative and Budgetary Questions (DP/1992/39), as well as of the views expressed by Member States on the senior management structure of the United Nations Development Programme,

1. Notes the restructuring undertaken by the Administrator in accordance with his report on the senior management structure (DP/1992/45);

2. Further notes the intention of the Administrator to report to the Governing Council at its fortieth session (1993) on consequences of the restructuring of the United Nations Secretariat, the results of the United Nations Conference on Environment and Development of June 1992 and the triennial review of operational activities of the United Nations for the structure and senior staffing arrangements of the United Nations Development Programme;

3. Requests the Administrator to continue to review the senior management structure of the United Nations Development Programme with the aim of increasing efficiency and effectiveness and report thereon to the Governing Council at its fortieth session (1993);

4. Reaffirms the continuing need to strengthen the capacity for institutional strategic planning in the United Nations Development Programme, under the guidance of the Governing Council, and to take full advantage of management decentralization;

5. Invites the Administrator to designate an existing unit in the United Nations Development Programme to have overall responsibility for institutional strategic planning, in consultation with other units of the Programme;

6. Urges the Administrator to continue to improve the managerial qualities and capacities of his staff, including team-building efforts;

7. Recognizes the steps undertaken, on a pilot basis, to launch the new Division Chief concept and encourages the Administrator to continue to develop this concept, and in so doing, and in formulating any proposals for increasing decentralization of authority, including approval authority, to the field, to ensure adequate monitoring, accounting, auditing, backstopping and personnel appraisal, and clear lines of responsibility;

8. Notes that a comprehensive review of the Office for Project Services will be undertaken for presentation to the Governing Council at its fortieth session (1993); as referred to in paragraph 3 of document DP/1992/L.13/Add.7 on United Nations technical cooperation activities;

9. Requests the Administrator to invite the Board of External Auditors to the United Nations Development Programme to examine the accountability arrangements for, and, as appropriate, the effectiveness of, the new Division Chief concept;

10. Further requests the Administrator to report to the Governing Council at its fortieth session (1993) on the implementation of the present decision, in particular on paragraph 2 thereof and on the experience gained with the Division Chief concept.